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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/497,142	02/03/2000	Kirk Watkins	051364-5001-01	7143

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EXAMINER

KYLE, CHARLES R

ART UNIT	PAPER NUMBER
2164	

DATE MAILED: 11/30/2001

Please find below and/or attached an Office communication concerning this application or proceeding.

AG

HG

Office Action Summary	Application No.	Applicant(s)
	09/497,142	WATKINS, KIRK
	Examiner	Art Unit
	Charles Kyle	2164

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 03 February 2000.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-52 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-52 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) The proposed drawing correction filed on _____ is: a) approved b) disapproved by the Examiner.
If approved, corrected drawings are required in reply to this Office action.
- 12) The oath or declaration is objected to by the Examiner.

Priority under 35 U.S.C. §§ 119 and 120

- 13) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

- 14) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
a) The translation of the foreign language provisional application has been received.
- 15) Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

Attachment(s)

1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)	4) <input type="checkbox"/> Interview Summary (PTO-413) Paper No(s). _____
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)	5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152)
3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449) Paper No(s) <u>5_6</u> .	6) <input type="checkbox"/> Other: _____

DETAILED ACTION

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 14 and 40 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. They recite the phrase "determining who is the employee's employee" which makes no sense in the context of the claimed invention.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-9, 19-35 and 45-52 are rejected under 35 U.S.C. 103(a) as being unpatentable over Davis et al in view of Kirtley-Cole Company Store Online Apparel and Gift Ordering Form, already of record, hereinafter Kirtley.

Concerning Claim 1, Davis et al disclose the invention substantially as claimed including in a method for using a card as a payment instrument during on-line and off-line purchases with a participating merchant:

signing-up, by the processing system, merchants who agree to accept the card (Col. 8, lines 10-25; Abstract, lines 10-12);

creating, by the processing system, cards that are used as a payment option by authorized users and accounts that correspond to the cards (Col. 14, line 53 to Col. 15, line 8 and Col. 1, lines 34-49);

selecting, by the user, articles to be purchased from the participating merchant and paying for the articles with the card (Fig. 11A, element 602; Col. 15, lines 30-36);

submitting, by the participating merchant to a network processor, information stored on the card (Figs. 11A and 11B; Col. 15, line 11 to Col. 16, line 37);

verifying, by a network processor, the user and merchant status (Col. 16, line 64 to Col. 17, line 11);

processing, by the network processor, a transaction reflecting the user's purchase (Col. 17, lines 12-16);

transferring, by the network processor to a payroll processor, the transaction in order for the transaction amount to be paid (Fig. 11A, elements 610, 612 and 614; Col. 16, line 39 to Col. 17, line 51); and

updating the employee corresponding account and notifying the employee by the processing system (Col. 17, lines 38-40).

Davis et al do not specifically disclose the authorization of payroll deductions to pay for online purchases or the establishment of guidelines for use of such deductions for payment. Kirtley discloses such deductions at the pages 1-3 of the Kirtley-Cole document of prior record. The deduction form evidences authorization by an employer at the third page and the guidelines for use are disclosed at the bullet item on the second page, "Payroll Deduction: Print a copy...". It would have been obvious to one of ordinary skill in the art at the time of the invention to have performed the payroll deductions for online purchases disclosed by Kirtley in the payments processing method of Davis et al because this would have provided a convenient way for purchasers to access an alternative form of credit (payroll advances) in a familiar and accessible method used for more familiar credit transactions, which are specifically described at the Background of the Invention of Davis et al.

Regarding Claim 2, Davis et al suggest establishment of a number of transactions to avoid inefficient transaction processing. In the case of the combination of Davis et al and Kirtley, it would have been obvious to have established such a number because this would have assured that the merchant was paid back in a reasonable amount of time. Further, Kirtley disclose establishing a number of pay periods for repayment (one) at the Kirtley deduction form, "deduct from my next paycheck" and basing the number of deductions (one) on the total price of the transaction at the form "permission to deduct ____".

It would further have been obvious to have used multiple deductions to pay off the total price, as this would have allowed the employee to have purchased items which could not be paid for with one deduction, but which were still affordable to the employee.

Concerning Claim 3, Kirtley discloses that the payroll deduction is for only the amount of the purchase at the payroll deduction form as "deduct \$ for the *requested apparel/gift items* listed on the attached order form". No deduction for interest is made. Further, it would have been obvious to have provided interest free deductions because this would have provided benefit to employees and would have improved employee morale. Authorization to deduct is shown by Kirtley as "I, , give Kirtley-Cole Design-Build Payroll Department *permission to deduct \$*".

Concerning Claim 4, it would have been obvious to have provided different sets of deduction guidelines for sets of employees with different status because this would have matched guidelines to employees having different capacities to repay. As an example, it would have been illogical to have used a guideline specifying that all of a \$500 purchase be deducted for each of two employees when one had a payroll amount of \$500 and the other an amount of \$5000. They would clearly require different guidelines so as to facilitate prompt repayment while leaving employees "take home pay" after the deduction.

With respect to Claim 5, Davis et al disclose identifying information in a system database at Col. 14, lines 4-25 and Col. 24, line 61 to Col. 25, line 13. It

would have been obvious to have stored guidelines in such a database because this would have allowed for ready association of personal information with guidelines for that person's use of the payroll deduction system.

Regarding Claim 6, Davis et al disclose a storing in a database a list with information about users who qualify to use a card at Col. 25, line 36 to Col. 26, line 17.

Regarding Claim 7, Davis et al disclose swiping a card at Fig. 10, element 506.

With respect to Claim 8, Davis et al disclose a processing system network infrastructure as "ACH" at Col. 1, lines 50-65.

As to Claim 9, Davis et al teach execution of a card on an existing network infrastructure as "Internet" at Col. 1, lines 34-49.

Concerning Claim 19, Kirtley discloses selecting articles from a participating merchant's web site at "Kirtley-Cole Company Store, Online Apparel and Gift Ordering Form".

Regarding Claim 20, Davis et al disclose entering card account numbers on a web-site at Col. 2, line 57 to Col. 3, line 12 and Col. 2, lines 4-23.

With respect to Claim 21, Davis et al disclose entering an account number of a smart card through a telephone at Col. 4, lines 17-31 and Col. 3, lines 26-41.

With respect to Claim 22, Davis et al disclose that a smart card functions in a fashion similar to a credit card at Col. 3, lines 13-41.

Regarding Claim 23, Davis et al likewise distinguish between the terms and conditions under which credit cards and smart cards operate at Col. 3, lines 13-41, particularly lines 15-19.

With respect to Claim 24, see the discussions of Claims 10 and 18 and Davis et al further disclose that smart cards contain a chip for storing account information (Col. 3, line 52 to Col. 4, line 16). Updating of such information would have been obvious for the same reasons that synchronization was obvious as is set forth in the discussion of Claim 10 above.

Regarding Claim 25, Davis et al disclose “personalizing” of smart cards at Col. 5, lines 19-38. It would have been obvious to have performed such personalization for private brand issuers because this would have provided inexpensive advertising for the issuer or allowed participation in special promotions by cardholders. An example of such personalized, private brand cards was a VISA credit card branded with a college identifier, whereby use of the card by the cardholder generated an income for the college, e.g. the College of William and Mary VISA credit card.

Regarding Claim 26, see the discussion of Claim 2 above and Davis et al further disclose a maximum repayment balance as a credit limit at Col. 4, lines 3-5.

Regarding Claims 27-35 they are the system form of Claims 1-9, and are rejected in a like manner.

With respect to Claims 45-52, they are the system form of Claims 19-26 and are rejected in a like manner.

Claims 10-17 and 36-43 are rejected under 35 U.S.C. 103(a) as being unpatentable over Davis et al and Kirtley and further in view of the Microsoft Computer Dictionary, hereinafter "Dictionary".

Regarding Claim 10, Davis et al and Kirtley disclose the invention substantially as claimed. See the discussion of claims 1-5, 7, and 9-10. They do not specifically disclose synchronizing of information between databases. Dictionary discloses this feature at page 456, "synchronization", specifically feature 4 regarding database files. It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided for synchronization between system and network processor databases because this would have assured that they contained the same data, as disclosed by Dictionary.

With respect to Claim 11, Davis et al disclose the equivalent of a magnetic stripe on the card at Col. 3, line 61 to Col. 4, line 16.

With respect to Claim 12, Davis et al disclose verification that a merchant participates at Col. 14, lines 4-25. It would further have been obvious to have verified employment status because this would have assured that the employee had payroll from which to deduct for debt repayment.

Regarding Claim 13, the approval or rejection of a payroll deduction transaction was analogous to those same functions for a credit card transaction, as both effectively

constitute an determination to extend credit. Such approvals and rejections were well known at the time of the invention and would have been obvious to use with payroll deductions because they would have maximized debt repayment.

With respect to Claim 14, see the discussion of Claim 10 above and it would further have been obvious to have transmitted synchronized information to the appropriate payroll processor because this would have maintained updated deduction records at the payroll processor and would have allowed payroll officials to make informed decisions.

With respect to Claim 15, see the discussion of Claim 10 above and it would further have been obvious to have transmitted synchronized information to the appropriate payroll processor so that the processor would have had current and correct information to perform payroll deductions. Failure to have done so would have allowed for incorrect deductions to have been made and would have harmed either the employer or employee or both.

Regarding Claim 16, Davis et al disclose or suggest the features recited by the claim at Col. 3, lines 13-25 and Col. 4, lines 3-5.

Regarding Claim 17, Davis et al disclose deduction of an appropriate amount at Col. 17, lines 17-34. In the instance of Davis et al, the deduction is from a recorded monetary balance benefiting the employee; deduction from a payroll amount benefiting the employee is analogous.

Regarding Claims 36-43, they are the system form of Claims 10-17 and are rejected in a like manner.

Claims 18 and 44 are rejected under 35 U.S.C. 103(a) as being unpatentable over Davis et al and Kirtley and further in view of The Dictionary of Finance and Investment Terms, hereinafter Terms.

Regarding Claim 18, Davis et al and Kirtley disclose the invention substantially as claimed. See the discussion of Claim 1 above. They do not specifically disclose reviewing the employee's purchasing and payroll deduction history. Terms discloses the concept of a statement, whereby a person may review account transactions for a pre-defined period at page 589. It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided such a statement in the combination of Davis et al and Kirtley because this would have allowed the employee to have confirmed the correctness of transactions in the two accounts and to have managed the payroll deduction benefit responsibly.

Regarding Claim 44, it is the system form of Claim 18 and is rejected in a like manner.

Double Patenting

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. See *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and, *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) may be used to overcome an actual or provisional rejection based on a nonstatutory double

patenting ground provided the conflicting application or patent is shown to be commonly owned with this application. See 37 CFR 1.130(b).

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 1, 27, 2 and 4 are provisionally rejected under the judicially created doctrine of double patenting over claims 49, 23, 50 and 52 of copending Application No. 09/429,616. This is a provisional double patenting rejection since the conflicting claims have not yet been patented.

The subject matter claimed in the instant application is fully disclosed in the referenced copending application and would be covered by any patent granted on that copending application since the referenced copending application and the instant application are claiming common subject matter, as follows: Claims 1 and 27 recite several common elements with claims 49 and 23 regarding the processing of payments through a payroll deductions. Claims 2 and 50 recite the details of guidelines which are common. Claims 4 and 52 recite establishment of plural sets of guidelines.

Furthermore, there is no apparent reason why applicant would be prevented from presenting claims corresponding to those of the instant application in the other copending application. See *In re Schneller*, 397 F.2d 350, 158 USPQ 210 (CCPA 1968). See also MPEP § 804.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Charles Kyle whose telephone number is (703) 305-4458. The examiner can normally be reached on Monday - Friday, 8:30 - 5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone numbers for the organization where this application or proceeding is assigned are (703) 746-7239 for regular communications and (703) 746-7238 for After Final communications.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is (703) 305-3900.

ck
crk

November 20, 2001

F. Poinvil
FRANTZY POINVIL
PRIMARY EXAMINER

A 11/2164